

m/37/084



January 27, 2003

Ms. Joelle Burns
Utah Department of Natural Resources
Division of Oil, Gas and Mining
P. O. Box 145801
Salt Lake City, UT 84114-5801

Re: Reclamation Bond, Papoose Mine (M/037/084)

Dear Ms. Burns:

As you may be aware, there is quite a crisis in the reclamation bonding industry today. Many of the surety companies have exited the business and many others want to. Those that are staying in the business are requesting high premium rates and collateral approaching, or in some cases exceeding, 100% of the total liability. Because of this our insurance brokers are always searching for qualified, reputable companies that are economically sound in order to allow Cotter to meet its bonding obligations in an economical manner.

I am enclosing a copy of a letter from our broker indicating that we will be transferring our surety program from AIG to Travelers Casualty and Surety Company and will be replacing the AIG bonds with Travelers bonds very soon. I am also enclosing a circular from the Department of the Treasury indicating their acceptance of Travelers as a suitable company.

If you have any questions I would appreciate it if you could contact me as soon as possible so that the transfer of bonds goes smoothly.

Sincerely,

Jerry L. Powers
Manager of Administration
(720) 554-6203

cc: Matt Gaynor, Marsh
Glen Williams, Cotter
Anthony Navarra, GA

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JAN 29 2003
DIV. OF OIL, GAS & MINING

Matthew C. Gaynor
Vice President

Marsh Risk & Insurance Services
License #0437153
4445 Eastgate Mall, Suite 300
San Diego, CA 92121-1979
858 552 3710 Fax: 858 552 4299
Matthew.Gaynor@marsh.com

MARSH
An **MMC** Company

January 22, 2003

Mr. Jerry Powers
Cotter Corporation
12596 West Bayaud Avenue
Suite 350
Lakewood, CO 80228

Subject: Surety Program

Dear Jerry:

Per our phone conversation, the surety marketplace has experienced numerous changes over the past eighteen months. We have witnessed dramatic increases in premium rates, indemnity and collateral requirements.

The current carrier for your surety program has closed several offices and pulled back on their outstanding liability in the surety arena. We have been advising our clients to market their surety program to coincide with changes to your surety program requested by your current carrier. These changes are no longer competitive in today's market.

Our goal was to provide a program through a carrier that meets the highest rating offered through A.M. Best Company. We have successfully accomplished this goal based on a program received through Travelers Casualty and Surety Company of America (Rated A++, Superior by A.M. Best). I have attached a printout of their Federal Treasury Listing and A.M. best rating for your file.

I would appreciate if you would contact the Obligees on your various bonds to ensure a smooth transition during the re-issuance of your bonds.

Feel free to contact me at 858-552-3710 if you have any questions.

Best Regards,

Matthew C. Gaynor
Surety Bond Manager

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JAN 29 2003

DIV. OF OIL, GAS & MINING

DEPARTMENT OF THE TREASURY

**FISCAL SERVICE
(Dept. Circular 570; 2002 Revision)**

**COMPANIES HOLDING CERTIFICATES OF AUTHORITY AS ACCEPTABLE
SURETIES ON
FEDERAL BONDS AND AS ACCEPTABLE REINSURING COMPANIES**

Effective July 1, 2002

Travelers Casualty and Surety Company of America

**BUSINESS ADDRESS: ONE TOWER SQUARE, HARTFORD, CT 06183-6014.
PHONE: (860) 277-0111. UNDERWRITING LIMITATION b/: \$64,120,000.
SURETY LICENSES c,f/: AL, AK, AZ, AR, CA, CO, CT, DE, DC, FL, GA, HI, ID,
IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ,
NM, NY, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV,
WI, WY. INCORPORATED IN: Connecticut.**

**TRAVELERS CASUALTY AND SURETY
COMPANY OF AMERICA**

One Tower Square, Hartford, Connecticut, United States 06183

Web: www.travelerspc.com

Tel: 860-277-0111

NAIC#:

AMB#:

FEIN#:

Report Date: 12/20/2001

BEST'S RATING

Based on our opinion of the consolidated Financial Strength of the property/casualty members of the Travelers Property Casualty Pool, which operate under a group structure, each group member is assigned a Best's Rating of A++ (Superior). The company is assigned the Financial Size Category of Class XV, which is the Financial Size Category of the group.